

FY 2013-2014

City Manager

Recommended Budget



Courage + Vision = Growth

May 21, 2013

A Vision for our Third Century (2015)

COMMISSIONERS' ORDER/RESOLUTION NO. OR-43-13

AN ORDER/RESOLUTION APPROVING A VISION STATEMENT FOR THE CITY FROM WHICH TO BUILD ON FOR GOALS, OBJECTIVES AND MEASURABLE CRITERIA FOR 2013 AND 2014.

* * * *

WHEREAS, the City of Covington's Vision Statement shall be:

Covington – the region's leader for:

- ...a thriving business environment, innovative and entrepreneurial;
- ...strong neighborhoods with diverse housing opportunities, including quality affordable and market rate housing
- ...inviting public spaces, open for activities and taking full advantage of our Ohio and Licking River assets;
- ...unparalleled public services, efficient and effective;
- ...cultural and historical influences, blended with compatible modern amenities;
- ...strong institutions, adding value through community advocacy and engagement;
- ...a diverse and educated population;
- ...artistic and cultural creativity;
- ...sound fiscal policy and practice.



Picture a Covington that is:



- Bustling with Pedestrian Traffic
- Clean and Safe
- Vibrant with Residents, Businesses, and Visitors
- A Magnet for Tourism
- Full of Quality Residential and Commercial Development
- Replete with Excellent Streets, Sidewalks, Good Facilities, and Improved Recreational and Green Space Opportunities
- A Sustainable Community

										C	O	V	I	N	G	T	O	N
--	--	--	--	--	--	--	--	--	--	---	---	---	---	---	---	---	---	---

Why Now?

Successes of the 10 Point Plan

10 POINT ACTION PLAN

- **We will** build a stronger public/private partnership.
- **We will** conduct independent reviews of all areas of City operations.
- **We will** get the three union contracts settled.
- **We will** implement a zero-based budget.
- **We will** think regionally and consider shared services or privatization if there is a significant cost/benefit.
- **We will** get optimum value out of the City owned properties to fund infrastructure.
- **We will** make it easier to do business with the City.
- **We will** form a marketing team to help brand and market CVG.
- **We will** reduce our payroll tax rate.
- **We will** enhance incentives to help fill our empty storefronts.



A 5 Year Community Investment Plan for Covington (2014–2018)

- Reinvest + Grow
- Improve +Sustain
- Return on Investment
- Improve Quality of Life



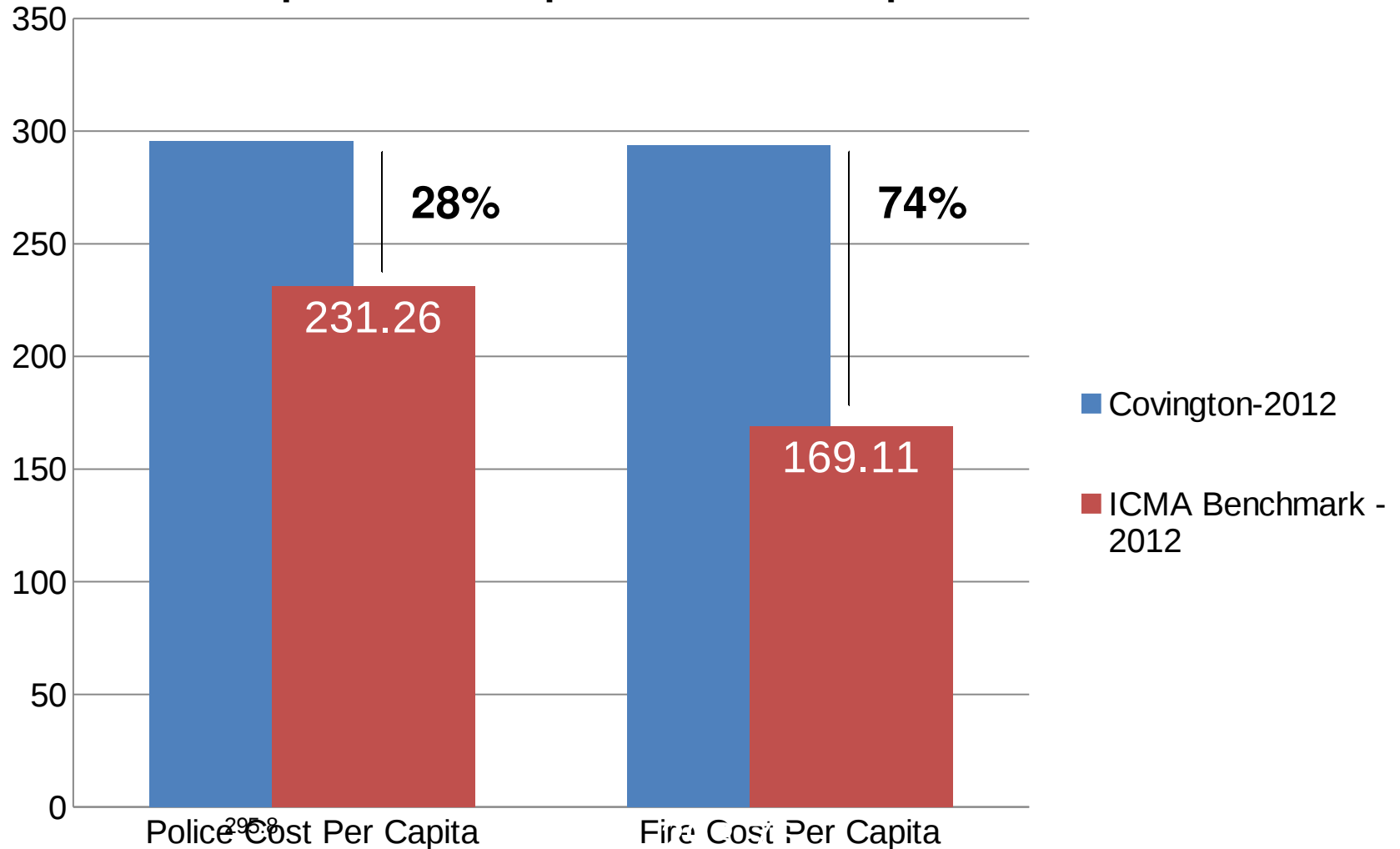
Public Safety

- Plan does not come at expense of Public Safety
 - Police Department
 - FY 13 to FY 14 from \$12,021,430 to \$12,326,599
 - 5 More Police Officers (103 to 108)
 - Fire Department
 - FY 13 to FY 14 from \$11,932,410 to \$12,303,503
 - 12 Firefighters on agenda tonight (118 total)



Public Safety

Average Cost of Police and Fire Total Departmental Expenditures Per Capita - 2012 Actual



City of Covington, Kentucky

General Fund Revenue

	FY 12	FY 13	FY 14
	Actual	Budget	Budget
Payroll Taxes	\$ 22,764,392	\$ 21,775,000	\$ 22,532,651
Ad Valorem Taxes	\$ 6,724,372	\$ 6,544,896	\$ 6,489,664
Insurance Premiums Tax	\$ 4,988,428	\$ 4,900,000	\$ 4,910,692
Net Profit Taxes	\$ 3,011,825	\$ 2,400,000	\$ 2,881,505
All Other	\$ 10,867,003	\$ 10,329,968	\$ 9,684,886
General Fund Revenue	\$ 48,356,020	\$ 45,949,864	\$ 46,499,398
General Fund Expense	\$ 48,566,159	\$ 45,666,203	\$ 46,249,398
Beginning Unassigned Fund Balance	\$ 698,391	\$ 488,252	\$ 771,913
Ending Unassigned Fund Balance	\$ 488,252	\$ 771,913	\$ 1,021,913

City of Covington, Kentucky

General Fund Expenses

	FY 12	FY 13	FY 14
	Actual	Budget	Budget
Police	\$ 12,882,211	\$ 12,021,430	\$ 12,326,599
Fire	\$ 12,728,312	\$ 11,932,410	\$ 12,503,503
Debt Service	\$ 4,680,405	\$ 4,992,852	\$ 5,202,235
Transfers	\$ 2,310,000	\$ 2,810,000	\$ 3,050,000
All Other Departments	\$ 15,965,231	\$ 13,909,511	\$ 13,167,061
Total General Fund	\$ 48,566,159	\$ 45,666,203	\$ 46,249,398

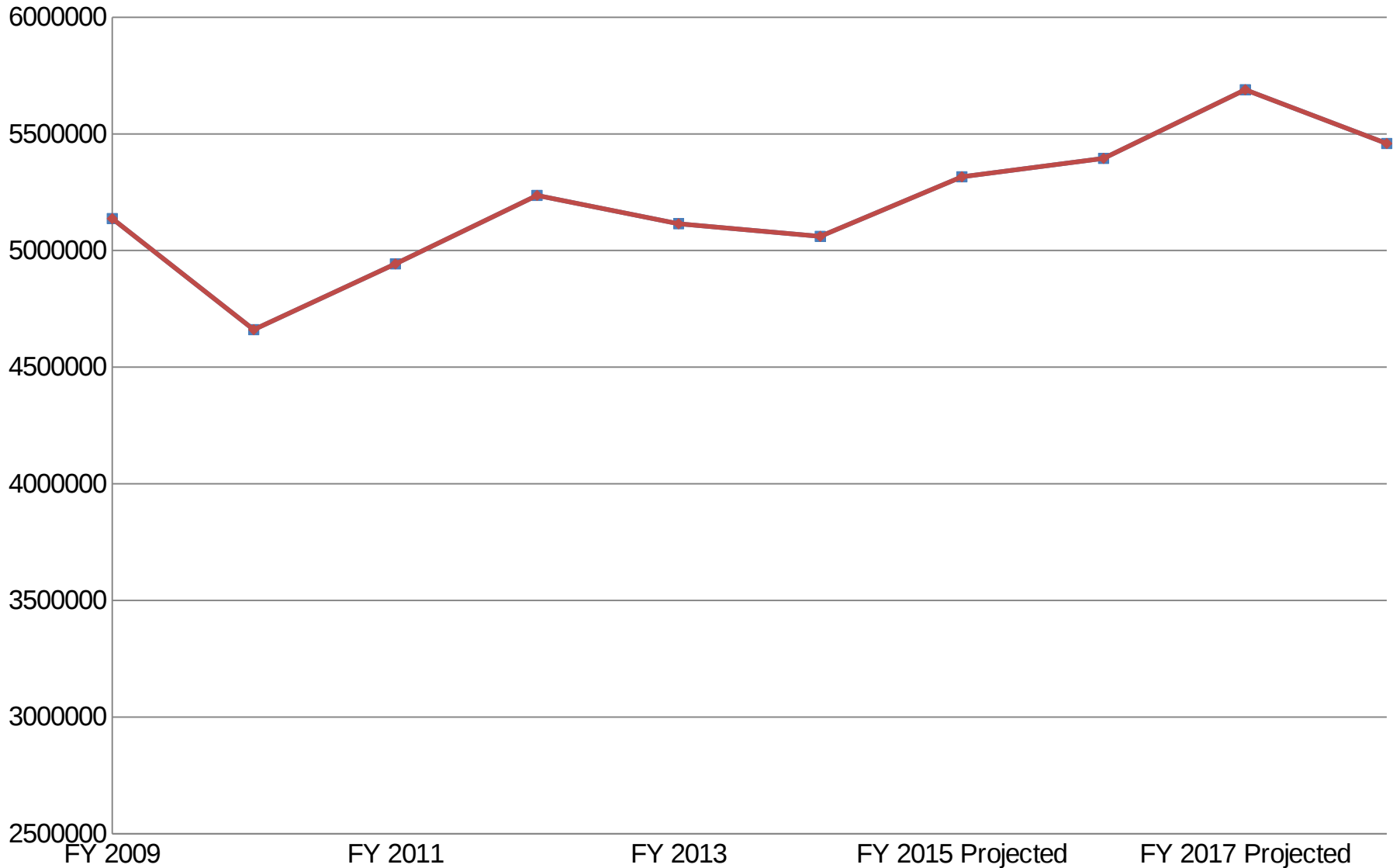
City of Covington, Kentucky

Community Investment Plan

Capital Improvement Plan

Sources of Funds	FY 2013-2014	FY 2015-2018	FY Total
General Fund	2,000,000	8,000,000	10,000,000
State of Kentucky	2,493,173	3,000,000	5,493,173
Sanitation District # 1	119,107	1,700,000	1,819,107
CDBG	841,000	1,200,000	2,041,000
Drees Pavilion Allocations	500,000		500,000
Economic Development Reinvestment Fund		2,000,000	2,000,000
Carryover from Previous Year	106,320		106,320
Debt	20,300,000	29,410,000	49,710,000
Total Funds	\$26,359,600	\$45,310,000	\$71,669,600

City of Covington, Kentucky Annual Debt Service, FY 09 - FY 18



Moody's Investor Services – Local Government Debt

Selected Financial Datapoints	Median	Mean	Covington	Bowling Green
Current Bond Rating	Aa2	A1	A2	Aa2
General Fund Revenue	330,845	378,798	50,515	53,631
Fund Balance as % of Revenue	16.4%	17.2%	2.6%	34.5%
Unassigned Fund Balance as % of Revenue	14.3%	10.5%	0.9%	18.7%
Total Assessed Property Value	14,717,627	19,996,523	2,111,459	4,565,230
Value per capita	51,737	61,234	51,737	77,377
Debt as a % of Property Value	2.2%	3.0%	1.6%	2.7%
Debt Service as % of Operating Expenditures	9.4%	11.7%	9.4%	22.0%

Note: Value in thousands

Source: Moody's Investor Services

Community Investment Plan for Covington (2014–2018)

Goal: A Comprehensive and Responsible Community Investment Plan for Covington is about our quality of life and investments and to improve it for everyone who experiences Covington, whether a resident or visitor, business or employee, in a disciplined and financially responsible and sustainable manner.



Community Investment Plan for Covington (2014–2018)

I. Infrastructure

- Sidewalks
- Streets and Curbs
- Levees
- Storm Water
- Street Lights
- Infrastructure Reinvestment Fund (4% Property Tax)
- City to Replace Sidewalks

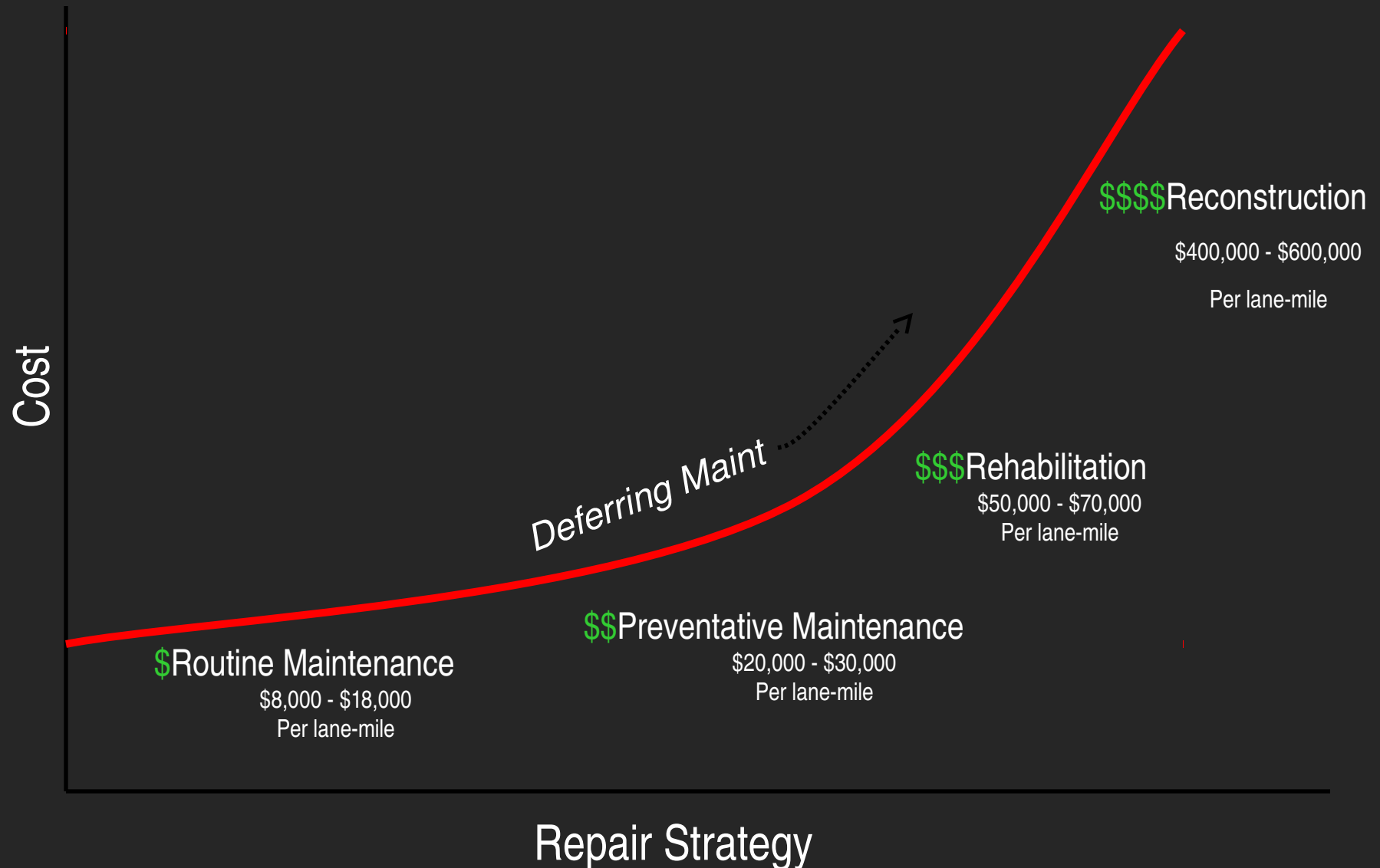
FY 14 \$8.8 Million

FY 2015–2018 \$23.3 Million

Total Investment \$32.1 Million



Cost of Delaying Maintenance



II. Economic Development &

Neighborhood Revitalization

- Riverfront Development
- Business Development
- Residential Development
- Acquisition and Rehab/Demolition of Foreclosed Properties
- Economic Development Reinvestment Fund (Revenue Stream from ED Projects)

FY 14 **\$8.8 Million**

FY 2015–2018 **\$9.5 Million**

Total Investment **\$18.3 Million**



III. Facilities and Recreation

- All Year Round “Healthy Living Center” with Indoor/Outdoor Aquatic Space and other Recreational features
- Skate Park
- Randolph Park
- Licking River Greenway
- Devou Park Multi-Purpose Event Center
- New City Hall
- New Public Works Facility
- New Firehouse

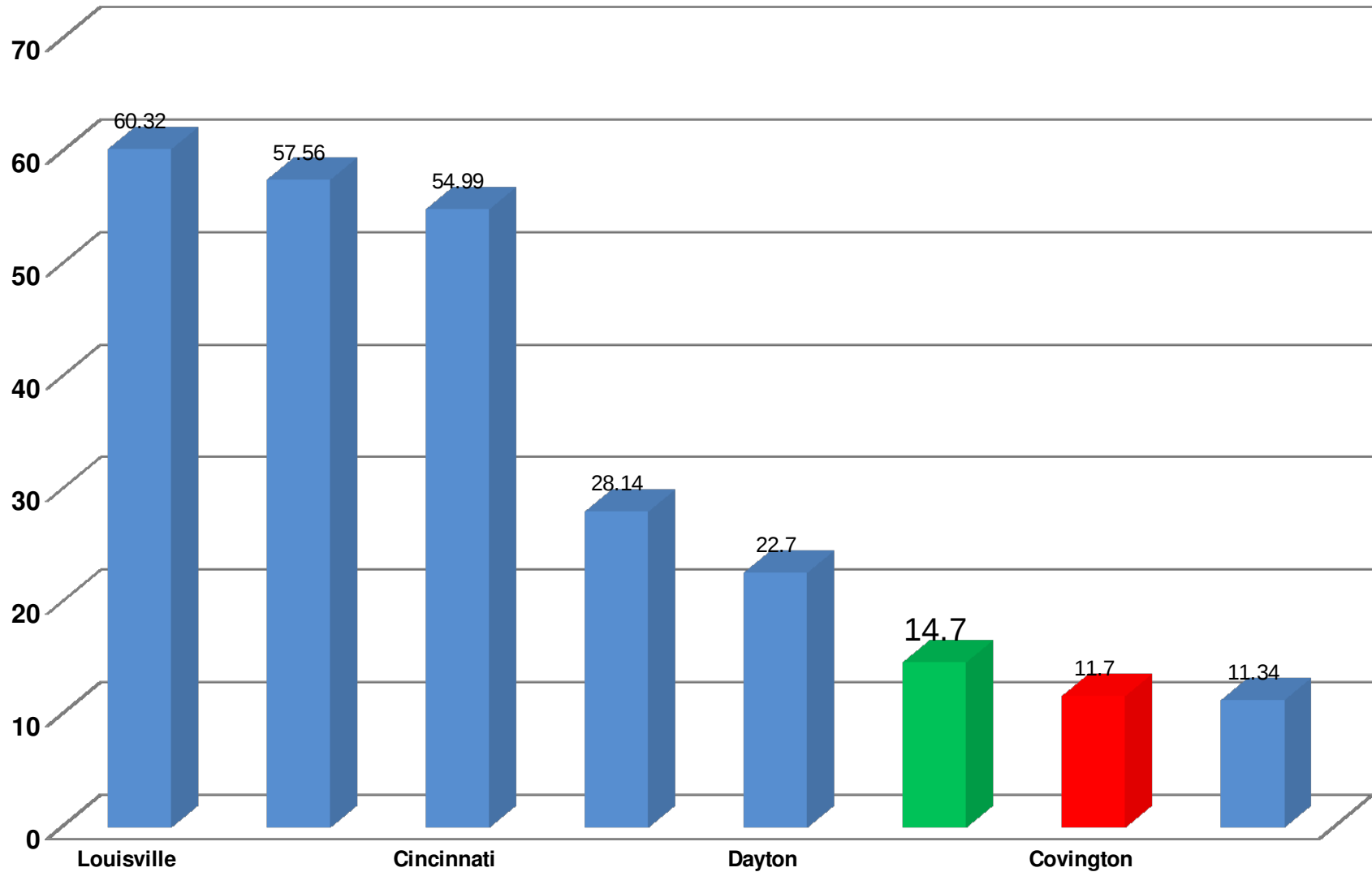
FY 14 **\$6.9 Million**

FY 2015–2018 **\$9.9 Million**

Total Investment **\$16.8 Million**



Parks and Recreation Expenditures Per Capita



C O V I N G T O N

IV. Fleet and Equipment

- Police Cruisers
- Ambulances
- Fire Apparatus
- Snow Plows
- Street Maintenance Equipment
- Pickup Trucks
- Other Capital Equipment

FY 14 \$1.7 Million

FY 2015–2018 \$2.6 Million

Total Investment \$4.3 Million



A 5 Year Community Investment Plan for Covington (2014–2018)

FY 14

\$25.6 Million

FY 2015 – 2018

\$45.8 Million

Total Investment = \$71.4 Million



FY 14: Budget Enhancements

- Rebuilding our Reserve Funds
 - **\$1 M** for FY 2013-2014
- Annual Funding of Two City Pension Funds: Police and Fire, and City Employees
- A Non-Union Pay Plan
 - Required by state law
 - Encourages stability in the workforce
 - Contributes to transparency and budget predictability
 - 1.5% increase for CY 2013 + 3-5 Year phase-in of Classification & Compensation Plan



FY 14: Budget Enhancements

- Internal Audit Function

- Work with City's Audit Committee and City Administration to provide independent and objective review of City's internal control, risk management and governance processes to improve efficiency.
- Perform annual organization-wide risk assessment and create annual audit plan to provide reports with findings and recommended changes.



FY 14: Budget Enhancements

- Keep Covington Beautiful (KCB) & Clean and Green Program - Support Infrastructure and Economic Development Investment through supporting and empower our Community Partner KCB and Clean and Green Program
 - Educate and Promote City's Universal Recycling in Schools, Neighborhoods and Businesses
 - Organize and Implement Volunteer Programs for Adopt-a-Spot and Adopt-a-Green Spot or Lot
 - Great American Cleanup
 - River Sweep
 - Tools and Equipment
 - Street Can Waste and Recycling Plan and Monitoring
 - Data Collection for Litter Index (Progress toward Goals and Grant Writing)
 - Awards and Recognition for Volunteers
- Bicentennial 2015 - Administrative Support



Focus + Discipline Will Get Us There!

- Focus on the Vision
- Return On Our Investment
 - Sidewalks
 - Streets
 - Property Values
 - Quality of Life
 - Businesses and Jobs
 - Recreation
 - More Revenue
- Sustainable Investment
 - Smart Use of Taxpayer Dollars
 - Proactive Approach



Next Steps

- May 22 - June 11
Commission & Community Feedback
- June 11 - First Reading of Budget Ordinance
- June 25 - Second Reading of Budget Ordinance
- June 27 - Additional Commission Meeting If Necessary for New First and Second Reading

